



V H GROUP

VENKY'S (INDIA) LIMITED



Padmashree Late Dr. B.V. Rao
(1935-1996)

"Technologically Indian poultry can match the world's best. Our productivity levels both in layer and broiler segments are second to none. Yet we also feel small, for there is so much to be done and so much more that can be done."

"My group is passionately committed in bringing quality and technology to the Indian poultry industry."

"Change is the law of nature. Everything changes one day or the other. We must accept change and adapt to change."

"Every successful organisation needs a clear commitment to excel in a chosen field; and this commitment will hold up over the years only by staying true to an original vision even in the worst of times."

"VH Group has earned this leadership position because of our extraordinary high standards in quality, service and absolute integrity."

"In the poultry business the most important factor is your attention, your care and your concern for the birds. You should talk to the birds, you should listen to the birds, you should observe the birds and you should make them comfortable."

Padmashree Dr. B.V. Rao



A Message From The Chairperson

Dear Shareholders,

Greetings of the Season !

Once again it is my pleasure to present you with a review of the general scenario of the poultry sector in India and the prospects of your company, in particular.

In spite of the various adverse factors like announcement of bird flu in February, 2006 and steep increase in feed prices, the poultry sector continues to register a decent growth. We have witnessed wide fluctuations in the fortunes of the poultry sector during the year under review, but thanks to the strong foundation laid by our Late Chairman Padmashree Dr. B.V. Rao, we have not only survived the extremely abnormal situations, but came out successfully to continue our growth plans.

The growth of the Indian poultry sector is synonymous with the growth of rural employment and creation of wealth for the rural poor. Poultry continues to be a key player in providing a source of economical and nutritious food in these days of rising prices of other food items. The Indian poultry industry has come of age and we will make every effort to make India number one in egg production in the years to come.

While I am optimistic about the future prospects and the growth rate projected for the poultry sector, the industry does face difficulties like high increase in feed prices and other inputs. The problem of steep increase in the price of maize – the most crucial ingredient of poultry feed which accounts for 80% of the production cost – was more serious for the poultry sector during the financial year 2006-07 and it continues even in the current year without any sign of coming down. In the year 2006 alone maize price has shot up by 80%. Maize price has increased by more than 80% from Rs. 5.00 per Kg. on an average; and we paid almost Rs. 9.00 per Kg. During the past three decades history of the industry this kind of increase was never seen. This grave situation has arisen mainly due to forward trading in maize. Farmers' organisations like National Egg Co-Ordination Committee have taken up the issue with the Government Authorities to ban forward trading in maize and the industry is hopeful that the Government will respond favourably.

We, at Venky's, are taking necessary initiatives to contain the increase in input costs and I am confident that the company will continue to show growth in terms of volume and sales turnover. However, a sudden and steep increase in feed prices could put pressure on profit margins.

My best wishes for you and your families.

Anuradha J. Desai
Chairperson



Chairman and Managing Director

Mrs. Anuradha J. Desai - *Chairperson*
 Mr. B. Venkatesh Rao - *Vice Chairman*
 Mr. B. Balaji Rao - *Managing Director and Chief Executive Officer*
 Mr. Jitendra M. Desai
 Mr. S.B. Thorat
 Mr. B.G. Deshmukh
 Mr. C. Jagapati Rao
 Mr. V.N. Dubey
 Lt. Col. Ashok Mahajan (Retd.)

Independent Directors

Mr. B.G. Deshmukh - *Chairman (Independent Director)*
 Mr. S. B. Thorat - *Member (Independent Director)*
 Mr. Jitendra M. Desai - *Member (Non-Executive Director)*
 Lt. Col. Ashok Mahajan (Retd.) - *Member (Independent Director)*

Members of the Board of Directors

Mrs. Anuradha J. Desai - *Chairperson*
 Mr. B. Venkatesh Rao - *Member*
 Mr. Jitendra M. Desai - *Member*

Members of the Board of Directors

Mr. A. G. Bauskar

State Bank of India
 Industrial Development Bank of India

Sudit K. Parekh & Co.
Chartered Accountants
 Ballard House, 2nd floor, Adi Marzaban, Path,
 Ballard Pier, Fort, Mumbai - 400 001.

Bigshare Services Private Limited
 E-2, Ansa Industrial Estate
 Sakivihar Road, Sakinaka
 Andheri (East), Mumbai - 400 072.
 Tel. : 022-28473747, 28470652-53

"Venkateshwara House"
 S.No. 114 /A/2, Pune-Sinhagad Road
 Pune-411 030
 Tel. 020-24251530 - 41

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FINANCIAL STATEMENTS

(Rs. in Lakhs)

PARTICULARS	2006-07	2005-06	2004-05	2003-04	2002-03
OPERATING RESULTS					
Turnover & Other Income	41,688	38,377	34,677	31,231	30,076
Material Cost	26,042	23,070	19,341	18,496	18,439
Personnel Cost	3,302	2,918	2,560	2,302	2,190
Interest	483	317	344	408	437
Other Expenses	9,314	9,677	9,348	7,186	7,501
Depreciation	734	617	602	624	575
Provision for Contingencies written back		-	(200)	-	-
Profit Before Tax	1,814	1,779	2,682	2,215	934
Profit After Tax	1,152	1,177	1,667	1,614	768
Dividend (%)	30	20	35	35	30
FINANCIAL SUMMARY					
Assets Employed					
Current Assets	13,796	10,899	9,360	10,087	9,203
Current Liabilities	5,561	4,543	4,147	4,227	3,941
Net Current Assets	8,235	6,356	5,213	5,860	5,261
Net Fixed Assets	11,596	10,700	9,056	8,948	9,326
Investments	4,442	4,040	2,412	1,033	506
Deferred Tax Liability	(1,543)	(1,392)	(1,575)	(1,469)	(1,392)
Miscellaneous Expenses	-	-	33	67	100
Total Assets	22,730	19,704	15,139	14,439	13,801
Financed by					
Share Capital	939	939	939	939	975
Reserves & Surplus	11,227	10,307	8,955	7,663	6,589
Capital Grants and Subsidies	5	103	103	98	96
Borrowings	10,559	8,356	5,142	5,739	6,142
Total Liabilities	22,730	19,704	15,139	14,439	13,802
Earning Per Share (Rs.)	12.27	12.53	17.74	17.19	7.88
Book Value (Rs.)	129	120	105	92	78
Debt Equity Ratio	0.87	0.74	0.51	0.66	0.80

31st Annual Report 2006-07

NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of the members of the Company will be held on Thursday, the 26th July, 2007 at 10.30 a.m. at Best Western The Pride Hotel, 5, University Road, Shivaji Nagar, Pune - 411005 to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2007 and the Profit and Loss Account for the year ended as on that date together with the Auditor's Report and Directors' Report thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mrs. Anuradha J. Desai, who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint a Director in place of Mr. Jitendra M. Desai, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a director in place of Mr. V.N. Dubey, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors of the Company to hold office from the conclusion of this Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution :

"RESOLVED that in accordance with the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the approval of the Members be and is hereby accorded to pay to its Directors (other than Managing Director/s and Whole-time Director/s) for a period of five (5) years commencing from 1st April, 2007, such commission as the Board may from time to time determine (to be divided amongst them in such proportion / manner as may be determined by the Board from time to time), in addition to the sitting fee for attending the meetings of Board of Directors or any Committee thereof, however such that the commission shall not exceed 1% of the net profits of the Company in any financial year, to be computed in the manner provided in Section 198 of the Companies Act, 1956."

By order of the Board of Directors

Pune
May 3, 2007

A.G. BAUSKAR
CHIEF FINANCIAL OFFICER

NOTES :

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of business under item No. 7 of the Notice to be transacted at the Annual General Meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND PROXY NEED NOT BE A MEMBER. THE PROXY FORM IN ORDER TO BE EFFECTIVE, MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. A brief profile of Directors retiring by rotation and being eligible for reappointment is given in the report on Corporate Governance, which forms part of Directors' Report and shareholders are requested to refer to the same.
4. The Register of Members of the Company will remain closed from 17th day of July, 2007 to 26th day of July, 2007 (both days inclusive).
5. The dividend as recommended by the Board of Directors, if declared at the meeting, will be paid to those shareholders or their mandate(s), whose names appear on the Register of Members of the Company as on 26th July, 2007 and in respect of



- shares held in electronic mode, as Beneficial owners in the record of the Depositories as on 26th July, 2007.
6. In case of dematted shares, the dividend payment shall be made through ECS, wherever relevant bank account details are made available by NSDL and CDSL.
 7. In order to provide protection against fraudulent encashment of dividend warrants, Members are requested to provide their bank account number, name and address of the bank / branch to M/s BigShare Services Private Limited, Registrar and Share Transfer Agent of the Company, in respect of shares held in physical mode and to their respective Depository Participants for demat mode to enable them to incorporate the same in the Dividend warrant on or before 16th July, 2007.
 8. Shareholders may avail Electronic Clearing Service (ECS) for receiving direct credit of dividend to their respective accounts with Banks. This will enable expeditious credit of dividend amount and protect from loss, theft and postal delay of dividend warrants.
 9. Members are requested to notify immediately change in their address to M/s. BigShare Services Private Limited, Registrar and Transfer Agent of the Company. Members holding shares in demat form should inform this to their respective Depository Participants on or before 16th July, 2007.
 10. Members holding shares in identical order or names in more than one folio are requested to write to the Registrar & Transfer Agents of the Company for consolidation and send relevant share certificates for consolidation.
 11. Members desiring any information on Accounts are requested to write to the Company so as to reach atleast ten days before the meeting to enable the Company to keep the information ready at the meeting.
 12. Members/ Proxies are requested to bring their copies of Annual Report to the meeting and the attendance slip duly filled-in while attending the meeting.
 13. Pursuant to Section 205A & 205C of the Companies Act, 1956, any money transferred to the unpaid dividend account which remains unclaimed for seven years from the date of such transfer shall be transferred by the Company to a Fund called "Investor Education and Protection Fund" set up by the Central Government. Accordingly, the unclaimed dividend in respect of dividend declared on 1st October, 1999 for the financial year 1998-99 has been transferred to the "Investor Education and Protection Fund". The unclaimed dividend for the financial year 1999-2000 onwards will become transferable at the end of seven years from the respective dates of transfer of such amount to the unclaimed dividend account of the Company to the said Investor Education and Protection Fund and no claims shall lie against the Fund or the Company in respect of individual amounts thereafter. Shareholders are, therefore, requested to check and send their claims, if any, for the relevant financial years from 1999-2000 onwards before the respective amounts become due for transfer to the above fund.

**EXPLANATORY STATEMENT****Item No. 7 :**

At the 27th Annual General Meeting held on 31st July, 2003 the shareholders had approved to remunerate the Directors, other than Managing Directors and Whole-time Directors, by payment of commission upto 1% of the net profits of the Company computed in the manner provided under Sections 349 and 350 of the Companies Act, 1956. The approval for payment of such commission is valid upto 31st March, 2007. It is proposed to pay such commission for a further period of five years with effect from 1st April, 2007 for the services rendered by such Directors.

All the Directors of the Company, other than the Managing Director, are deemed to be interested to the extent of the commission they will be entitled to by virtue of passing of the proposed Special Resolution.

Your Directors commend for your approval, the resolution at item No.7.

By order of the Board of Directors

Pune
May 3, 2007

A.G. BAUSKAR
CHIEF FINANCIAL OFFICER



V H GROUP

THIRTY FIRST ANNUAL REPORT

The Shareholders,

Your Directors have pleasure in presenting the Thirty First Annual Report and Audited Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS

	(Rs. in lakhs)	
	2006-07	2005-06
Profit before tax	1814.01	1778.95
Provision for taxation		
- Current	(450.00)	(710.00)
- Deferred	(151.69)	182.88
- Fringe Benefit Tax	(60.00)	(75.00)
Profit after tax	1152.32	1176.83
Add : Excess provision for tax in prior period	--	388.68
Balance of Profit & Loss Account brought forward	2756.66	1522.73
Profit available for Appropriation	3908.98	3088.24
Appropriations :		
Transfer to General Reserve	115.23	117.41
Dividend	281.75	187.83
Corporate dividend tax	47.88	26.34
Balance profit carried forward	3464.12	2756.66
	3908.98	3088.24

OPERATIONS

The Company registered a growth of 7.4% in sales turnover for the year at Rs.41197 lakhs as compared to Rs.38374 lakhs in the previous year. The profit before tax declined by 8.4% at Rs.1641 lakhs (excluding a sum of Rs.173 lakhs received from Government towards interest subvention as per policy of Government of India) as compared to Rs.1779 lakhs. The announcement of

bird flu in February, 2006 had affected the performance of the company during the first half of the financial year 2006-07. In addition to this, there was a steep and unprecedented increase in the price of maize which is also largely responsible for the decline in profits.

DIVIDEND

Your Directors recommend a dividend of 30%. The dividend, if approved at the ensuing annual general meeting, will absorb Rs. 281.75 lakhs (previous year Rs.187.83 lakhs).

SEGMENT-WISE PERFORMANCE

Operational performance of each business segment has been comprehensively covered in the Management Discussion and Analysis Report given in Annexure-A which forms part of this Report.

CORPORATE GOVERNANCE

As per the requirements of Clause 49 of the Listing Agreement a separate report on Corporate Governance along with the certificate of a Practising Company Secretary thereon is given in Annexure-B which forms part of this Report.

DIRECTORS

As per the provisions of Articles of Association of the Company, Mrs.Anuradha J. Desai, Mr. Jitendra M. Desai and Mr. V.N. Dubey are due for retirement by rotation at the ensuing Annual General Meeting and being eligible they offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors declare that :

1. the Accounts for the year ended 31st March, 2007 have been prepared by following applicable accounting standards;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and

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Annual
Report
2006-07

fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2007 and of the profit of the Company for that year;

3. proper care has been taken for the maintenance of adequate records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and
4. the Accounts for the year ended 31st March, 2007 have been prepared on a going concern basis.

FIXED DEPOSITS

The Company has discontinued the fixed deposit schemes. However, deposits amounting to Rs.1.11 lakhs from 9 depositors which were due for repayment have remained unclaimed as on 31st March, 2007.

ACCOUNTS

The accounts read with the notes thereon are self-explanatory and hence do not call for any further comments.

INSURANCE

The assets of the Company which include buildings, sheds, machinery, stocks, etc. are adequately insured.

PERSONNEL AND HUMAN RESOURCES

Employee relations continued to be cordial throughout the year. The Company did not have any employee during the year under review whose remuneration is required to be disclosed in terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended.

AUDITORS

M/s. Sudit K. Parekh & Co., Chartered Accountants hold office of auditors upto the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

INFORMATION UNDER SECTION 217(1)(e)

A. Conservation of Energy

The operations of the Company are not power intensive. Nevertheless, the Company continues its efforts to conserve energy wherever practicable, by economising on the use of power at the farms,

hatchery and offices. The Company has installed state-of-the-art hatchers and setters at its hatcheries and a solar heating system at the Central Hatchery.

B. Technology Absorption

1. Research and Development (R & D)

- a) Specific areas : R & D activities of the Company are concentrated in the areas of developing wider application of Specific Pathogen Free (SPF) eggs and application of various breeder management techniques to improve productivity and increase feed efficiency.
- b) Benefits derived : Wider acceptance of SPF eggs in the manufacture of human and livestock vaccines in India and higher production and increased feed efficiency of breeders.
- c) Plan of action : Further promotion of SPF eggs applications in the biological industry
- d) Expenditure on R & D : The expenditure incurred by the Company during the year on Research and Development was Rs.22.12 lakhs.

2. Technology Absorption, Adaptation and Innovation

- a) Efforts made : The Company maintains continuous interaction with its collaborators, SPAFAS Inc., U.S.A. for absorption of technology.
- b) Benefits :
 - i. Development of new application
 - ii. Savings in foreign exchange through import substitution.
- c) Technology Imported : SPF technology was imported in 1983. The benefit of the ongoing research by the Collaborators in SPF technology is being derived by the Company on a continuous basis.

C. Foreign Exchange Earnings and Outgo

1. Efforts have been made to increase exports of hatching eggs and SPF eggs.
2. Earnings and outgo :
 - a. Foreign exchange earnings (FOB) Rs.340.71 lakhs
 - b. Foreign exchange outgo Rs.129.62 lakhs